

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MURRAY NO. 1	)	
WATER DISTRICT FOR RATE	)	
INCREASE PURSUANT TO THE	)	CASE NO. 8732
ALTERNATIVE RATE ADJUSTMENT	)	
PROCEDURE FOR SMALL UTILITIES	)	

O R D E R

IT IS ORDERED that Murray No. 1 Water District shall file an original and seven copies of the following information with the Commission by January 24, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide an analysis of the total purchased water broken down for each month of 1981. Include the total gallons purchased, the rates, total monthly bill, and copies of the monthly water bills from the Murray Water and Wastewater System.

2. Provide a detailed breakdown of the costs incurred in the following accounts for 1981. At a minimum the analysis should include a brief description of each expenditure, the name of the vendor, the date and amount of the purchase and the reference or voucher number.

- A. Account 903, Supplies and Expenses
- B. Account 921, Office Supplies and Other Expenses

3. For each employee or officer employed by Murray No. 1 Water District during 1981 provide the following information

- A. Name of employee or officer.
- B. Job title and a complete description of the duties and responsibilities.
- C. Total amount of compensation and employee benefits charged to operating expenses for each employee during 1981 and the account charged.
- D. Rate of pay for each employee of the district at the beginning of 1981 and at the end of 1981.
- E. Total amount of regular hours and overtime hours worked during 1981 by each employee.

4. Provide a schedule which shows the type and amount of coverage provided and the annual premium for each insurance policy in force during 1981.

5. Provide a detailed explanation as to when the district began paying office and plant salaries and to which accounts these charges are recorded.

6. The application states that in the past some costs for billings, collections and accounting were shared by another firm through a monthly service fee. Provide a detailed analysis of all costs during 1981 related to this service fee and the account charged.

7. The Commission has developed a new form for utilities to complete when filing under the alternative rate adjustment procedure for small utilities. Since your filing was made on the old forms please complete the attached pages from the new form.

8. Provide a detailed billing analysis for the year 1981 in accordance with the instructions in pages 5-8 attached.

9. Provide a list showing the number of customers for each size meter.

10. Provide reasons for the proposed change in rate design, including any studies or analyses and an explanation as to how the proposed design was arrived at.

11. Provide detailed cost information justifying the connection charges for each size meter.

12. Provide a list of any special charges showing purpose and amount of each charge.

Done at Frankfort, Kentucky, this 5th day of January, 1983.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary

### Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 19\_\_.

- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per</u> <u>Annual Report</u>	<u>Amount Per</u> <u>Annual Report</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Adjusted</u> <u>Amount</u>
<u>Revenue</u>	\$	\$	\$
 Total Revenue	\$	\$	\$

#### Expense

Total Expense	\$	\$	\$
Revenue Less Expense	\$	\$	\$

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each such class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
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### III. Other Information

a. Please complete the following questions:

1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

2) Total number of customers as of the date of filing: \_\_\_\_\_

3) Total amount of increased revenue requested: \_\_\_\_\_

4) Please circle Yes or No:

a) Does the utility have outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

b) Were all revenues and expenses listed in the Annual Report for 19\_\_\_\_ incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were arrived at.

5) If utility expenses depreciation, attach a copy of the depreciation schedule of utility plant in service.

6) If utility is a sewer utility:

a) Attach a copy of the latest State and Federal Income Tax Returns.

b) How much of the utility plant was recovered through the sale of lots or other contributions \_\_\_\_\_ \$ or %? (If unknown, state the reason.)

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

#### IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

##### a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8 and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contains the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns No. 2 and 3 are completed by using information obtained from usage records.

Columns No. 4, 5, 6, 7, 8 and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level  
432 Bills  
518,400 gallons used  
All bills use 2,000 gallons or less, therefore,  
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level  
1,735 Bills  
4,858,000 gallons used  
1st 2,000 minimum x 1,735 bills = 3,470,000  
gallons - record in Column 4  
Next 3,000 gallons - remainder of water over  
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level  
1,830 Bills  
16,268,700 gallons used  
1st 2,000 minimum x 1,830 bills = 3,660,000 gallons -  
record in Column 4  
Next 3,000 gallons x 1,830 bills = 5,490,000 gallons -  
record in Column 5  
Next 10,000 gallons - remainder of water over 3,000 =  
7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level  
650 bills  
15,275,000 gallons used  
1st 2,000 minimum x 650 bills = 1,300,000 gallons -  
record in Column 4  
Next 3,000 gallons x 650 bills = 1,950,000 gallons -  
record in Column 5  
Next 10,000 gallons x 650 bills = 6,500,000 gallons -  
record in Column 6  
Next 25,000 gallons - remainder of water over 10,000 =  
5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level  
153 bills  
9,975,600 gallons used  
1st 2,000 minimum x 153 bills = 306,000 gallons -  
record in Column 4  
Next 3,000 gallons x 153 bills = 459,000 gallons -  
record in Column 5  
Next 10,000 gallons x 153 bills = 1,530,000 gallons -  
record in Column 6  
Next 25,000 gallons x 153 bills = 3,825,000 gallons -  
record in Column 7  
Over 40,000 gallons - remainder of water over 25,000 =  
3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7 and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.



Example for completing Revenue Table is as follows:

Complete Columns No. 1, 2 and 3 using information from Usage Table.

Complete Column No. 4 using rates either present or proposed.

Column No. 5 is completed by first multiplying the bills times the minimum charge.

Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

# Revenue from Present/Proposed Rates

Test Period from 1-1-81 to 12-31-81

## USAGE TABLE Usage by Rate Increment

Residential

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Bills	Gallons/MCF	1st 2,000	Next 3,000	Next 10,000	Next 25,000	Over 40,000	Total
2,000: Minimum Bill	432	518,400	518,400					518
3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858
10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268
25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275
40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975
Total	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895

## REVENUE TABLE

### Revenue By Rate Increment

(1)	(2)	(3)	(4)	(5)
	Bills	Gallons/MCF	Rate	Revenue
2,000: Minimum Bill	4,800	9,254,400	\$5.00 Min.	\$24,000.00
3,000 Gallons		9,287,000	2.50	23,217.50
10,000 Gallons		15,148,700	2.00	30,297.40
25,000 Gallons		9,350,000	1.25	11,687.50
40,000 Gallons		3,855,600	.75	2,891.70
				\$92,094.10 Total Revenue